

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : **Chapter 11**
:
SEARS HOLDINGS CORPORATION, et al., : **Case No. 18-23538 (RDD)**
:
Debtors.¹ : **(Jointly Administered)**
:
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**TENTH MONTHLY FEE STATEMENT OF ALVAREZ & MARSAL
NORTH AMERICA, LLC FOR COMPENSATION EARNED AND
EXPENSES INCURRED FOR OCTOBER 1, 2019 THROUGH JUNE 30, 2020**

Name of Applicant: Alvarez & Marsal North America, LLC

Authorized to Provide Professional Services Debtors and Debtors in Possession
to:

Date of Retention: November 13, 2018, *nunc pro tunc* to
October 15, 2018

Period for which compensation and October 1, 2019 through June 30, 2020
reimbursement is sought:

Monthly Fees Incurred: \$23,890.00

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); SHC Licensed Business LLC (3718); SHC Promotions LLC (9626); Sears Brands Management Corporation (5365), and SRE Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

20% Holdback: \$4,778.00

Total Compensation Less 20% Holdback: \$19,112.00

Monthly Expenses Incurred: \$38.46

Total Fees and Expenses Due: \$19,150.46

This is a: X monthly interim final application

In accordance with the *Order Authorizing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [ECF No. 796] (the “Interim Compensation Order”),² Alvarez & Marsal North America, LLC (“A&M”) hereby submits this Tenth monthly fee statement (the “Tenth Monthly Fee Statement”), seeking compensation for services rendered and reimbursement of expenses incurred as financial advisor to the Debtors, for the period from October 1, 2019 through June 30, 2020 (the “Tenth Monthly Fee Period”). By this Tenth Monthly Fee Statement, A&M seeks payment in the amount of \$19,150.46, which comprises (i) \$19,112.00, representing eighty percent (80%) of the total amount of compensation sought for actual and necessary services rendered during the Tenth Monthly Fee Period, and (ii) reimbursement of \$38.46, representing one hundred percent (100%) of actual and necessary expenses incurred in connection with such services.

Services Rendered and Expenses Incurred

Attached are the following schedules in support of this Tenth Monthly Fee Statement:

- Exhibit A - Summary of Time Detail by Task
- Exhibit B - Time Detail by Activity by Professional
- Exhibit C - Expense Detail by Category.

² Capitalized terms used herein but not otherwise defined herein have the meanings ascribed to them in the Interim Compensation Order.

Notice and Objection Procedures

Notice of this Tenth Monthly Fee Statement shall be given by hand or overnight delivery or email where available upon (i) Sears Holdings Corporation, 3333 Beverly Road, Hoffman Estates, Illinois 60179, Attention: Rob Riecker (email: Rob.Riecker@searshc.com) and Luke Valentino (email: Luke.Valentino@searshc.com); (ii) counsel to the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153, Attention: Ray C. Schrock (email: ray.schrock@weil.com), Jacqueline Marcus (email: jacqueline.marcus@weil.com), Garrett A. Fail (email: garrett.fail@weil.com), and Sunny Singh (email: sunny.singh@weil.com); (iii) William K. Harrington, the United States Trustee, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, NY 10014, Attention: Paul Schwartzberg (e-mail: paul.schwartzberg@usdoj.gov) and Richard Morrissey (e-mail: richard.morrissey@usdoj.gov); (iv) Paul E. Harner, Ballard Spahr LLP, the independent fee examiner, 1675 Broadway 19th Floor, New York, NY 10019 (email: harnerp@ballardspahr.com); (v) counsel to the Official Committee of Unsecured Creditors, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York, 10036, Attention: Philip C. Dublin (email: pdublin@akingump.com), Ira Dizengoff (email: idizengoff@akingump.com), and Sara Lynne Brauner (email: sbrauner@akingump.com); and (vi) counsel to Bank of America, N.A., Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, Attention: Paul D. Leake (email: paul.leake@skadden.com), Shana A. Elberg (email: shana.elberg@skadden.com) and George R. Howard (email: george.howard@skadden.com) (collectively, the “Notice Parties”).

Objections to this Tenth Monthly Fee Statement, if any, must be filed with the Court and served upon the Notice Parties so as to be received no later than **August 6, 2020**

(the “Objection Deadline”), setting forth the nature of the objection and the amount of fees or expenses at issue (an “Objection”).

If no objections to this Tenth Monthly Fee Statement are filed and served as set forth above, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified herein.

If an objection to this Tenth Monthly Fee Statement is received on or before the Objection Deadline, the Debtors shall withhold payment of that portion of this Tenth Monthly Fee Statement to which the objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth above. To the extent such an objection is not resolved, it shall be preserved and scheduled for consideration at the next interim fee application hearing to be heard by the Court.

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Dated: July 22, 2020

/s/ Dennis Stogsdill

Dennis Stogsdill
Managing Director
Alvarez & Marsal North America, LLC



Alvarez & Marsal North America, LLC
600 Madison Avenue, 8th Floor
New York, NY 10022
Phone: +1 212 759 4433
Fax: +1 212 759 5532

July 22, 2020

Sears Holdings Corporation
3333 Beverly Road
Hoffman Estates, IL 60179

Dear Sir or Madam,

Pursuant to the Bankruptcy Court's Order authorizing the retention of Alvarez & Marsal North America, LLC ("A&M") as the financial advisor to the Restructuring Sub-Committee ("RSC") of Sears Holdings Corporation, *et al*, ("Sears" or the "Debtor") with respect to all RSC Conflict Matters *Nunc Pro Tunc* to October 15, 2018, dated November 13, 2018 (the "Retention Order") and the engagement letter between A&M and the Debtor dated October 15, 2018 (the "Engagement Letter"), A&M submits this statement detailing professional fees and expenses in connection with the work completed on behalf of the Debtor for the period from October 1, 2019 through June 30, 2020 (the "Covered Period").

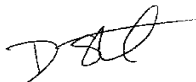
During the Covered Period, A&M rendered professional services totaling \$23,890.00 and incurred expenses related to these services in the amount of \$38.46. A&M is eligible for payment of 80% of the fees incurred and 100% of the expenses incurred pending the fifteen (15) day objection period. Accordingly, the total amount payable herein pending no objections is \$19,150.46.

Attached are the following schedules in support of this monthly statement:

- Exhibit A - Summary of Time Detail by Task;
- Exhibit B - Time Detail by Activity by Professional;
- Exhibit C - Expense Detail by Category

Please do not hesitate to contact me with any questions or concerns.

Sincerely,



Dennis Stogsdill
Managing Director
Alvarez & Marsal North America LLC

Invoice for Professional Fees and Out of Pocket Expenses
For the period of October 1, 2019 - June 30, 2020

Professional Name	Position	Hours		Fees
<u>Restructuring</u>				
Dennis Stogsdill	Managing Director	1.3	\$1,025	\$ 1,332.50
Jonah Galaz	Director	2.5	\$625	1,562.50
Jordan Kravette	Associate	5.8	\$450	2,610.00
Jonathan Bain	Associate	7.8	\$425	3,315.00
		17.4		8,820.00
<u>Disputes & Investigations</u>				
Karen Engstrom	Managing Director	13.5	\$800	10,800.00
Edward McDonough	Managing Director	1.9	\$800	1,520.00
Rachel Mimms	Director	5.0	\$550	2,750.00
		20.4		\$ 15,070.00
Total Professional Hours & Fees		37.8	\$	23,890.00
Out of Pocket Expenses: ¹				
	Phone/Internet		\$	5.06
	Miscellaneous			33.40
Total Expenses			\$	38.46
Total Invoice			\$	23,928.46
Amount to be Paid (80% Fees + 100% Expenses)			\$	19,150.46

(1) Includes select expenses from prior months as all expenses must clear A&M internal review and audit before they are submitted on invoice, as such, delayed submissions may appear from time to time.

Exhibit A

Matter	Description	Total Hours	Total Fees
Fee Applications	Prepare monthly fee statements, interim and final fee applications in accordance with court guidelines.	6.6	3,430.00
Investigation	Independent investigation on behalf of the Restructuring Subcommittee regarding the financial condition of the Debtors at the time of various asset transfer/sales and financings.	31.2	20,460.00
Total		37.8	\$ 23,890.00

Fee Application

Name	Date	Matter Code	Duration	Description
Jordan Kravette	12/8/2019	FEE	1.0	Prepare Third Interim Fee Application
Jordan Kravette	12/9/2019	FEE	0.8	Prepare Third Interim Fee Application
Jordan Kravette	12/10/2019	FEE	0.5	Review and finalize Third Interim Fee Application
Dennis Stogsdill	2/12/2020	FEE	0.7	Review correspondence from examiner and analyze fee applications; call with debtor counsel and internal team
Jordan Kravette	2/12/2020	FEE	1.0	Review preliminary feedback from Fee Examiner
Dennis Stogsdill	2/13/2020	FEE	0.1	Emails and calls into examiner
Jordan Kravette	6/17/2020	FEE	2.5	Prepare final fee application covering October 2019 - June 2020

Investigation

Name	Date	Matter Code	Duration	Description
Edward McDonough	10/11/2019	INV	0.3	Respond to request from counsel
Karen Engstrom	10/14/2019	INV	0.7	Review charts for updated complaint
Karen Engstrom	10/14/2019	INV	0.2	Participate in teleconference regarding updated complaint (A&M, Paul Weiss, Akin Gump)
Karen Engstrom	10/14/2019	INV	1.1	Update charts for Paul Weiss/Akin Gump
Edward McDonough	10/14/2019	INV	0.4	Analyze documents and data
Edward McDonough	10/14/2019	INV	0.2	Participate in teleconference regarding updated complaint with D. Giller (Paul Weis) and D. Chapman(Akin Gump)
Karen Engstrom	10/15/2019	INV	3.9	Update charts for Paul Weiss/Akin Gump
Rachel Mimms	10/15/2019	INV	0.5	Prepare historical analysis charts.
Karen Engstrom	10/21/2019	INV	1.5	Update charts for Paul Weiss/Akin Gump
Rachel Mimms	10/21/2019	INV	1.0	Prepare historical analysis charts.
Jonah Galaz	12/31/2019	Inv	2.5	Review and summarize incentive plans from FY12-FY15.
Karen Engstrom	1/2/2020	INV	3.8	Research inquiries from Akin Gump regarding complaint
Edward McDonough	1/2/2020	INV	0.5	Review Complaint and provide comments
Rachel Mimms	1/2/2020	INV	3.0	Review business plan documents and analysis.
Jonathan Bain	1/2/2020	INV	1.3	Prepare detailed diligence schedule on identified / go-gets, GAP initiatives for FY13 Plan
Jonathan Bain	1/2/2020	INV	1.1	Prepare detailed diligence schedule on identified / go-gets, GAP initiatives for FY14 Plan
Jonathan Bain	1/2/2020	INV	1.2	Prepare detailed diligence schedule on identified / go-gets, GAP initiatives for FY15 Plan
Jonathan Bain	1/2/2020	INV	0.8	Prepare reconciliation schedule on identified / go-gets, GAP initiatives for FY12 Plan
Jonathan Bain	1/2/2020	INV	0.5	Review dataroom for initiatives data
Jonathan Bain	1/2/2020	INV	0.4	Prepare correspondence to K. Engstrom (A&M), re: Plan Initiatives
Dennis Stogsdill	1/3/2020	INV	0.5	Review and quality control compiled information for counsel
Karen Engstrom	1/3/2020	INV	2.3	Research inquiries from Akin Gump regarding complaint
Edward McDonough	1/3/2020	INV	0.5	Continue to review complaint and provide comments
Rachel Mimms	1/3/2020	INV	0.5	Review business plan documents and analysis.
Jonathan Bain	1/3/2020	INV	0.8	Review plan initiative documents and coordinate review with team
Jonathan Bain	1/3/2020	INV	0.2	Assist A&M team with review of Akin Gump complaint
Jonathan Bain	1/3/2020	INV	0.5	Prepare correspondence to K. Engstrom (A&M), re: Plan Initiatives
Jonathan Bain	1/3/2020	INV	1.0	Update plan initiative package and incorporate new chart requests

Exhibit C

Name	Item / Description	Expense Type	Date	Amount
Dennis Stogsdill	Messenger	Miscellaneous	12/31/2018	33.40
Dennis Stogsdill	09/13/2019 - 10/12/2019 Wireless Usage Charges	Phone/Internet	10/12/2019	0.76
Jordan Kravette	09/13/2019 - 10/12/2019 Wireless Usage Charges	Phone/Internet	10/12/2019	1.61
Jonathan Bain	12/13/2019 - 01/12/2020 Wireless Usage Charges	Phone/Internet	1/12/2020	2.69
			\$	38.46